HOUSE BILL No. 1414

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-25.

Synopsis: Hoosier headquarters relocation credit. Provides that a business that relocates its corporate headquarters to a location in Indiana is entitled to a credit against its state tax liability equal to 50% of the amount of the relocation costs incurred in relocating the headquarters. Allocates the credit to the taxpayer over a period of ten years.

Effective: January 1, 2005.

Turner

January 20, 2004, read first time and referred to Committee on Ways and Means.

Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1414

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]:

Chapter 25. Headquarters Relocation Tax Credit

Sec. 1. As used in this chapter, "corporate headquarters" means the building or buildings where:

(1) the principal offices of the principal executive officers of an eligible business are located; and

(2) at least two hundred fifty (250) employees are employed.

Sec. 2. As used in this chapter, "eligible business" means a business that:

(1) is engaged in either interstate or intrastate commerce;

(2) maintains a corporate headquarters in a state other than Indiana as of January 1, 2004;

(3) had annual worldwide revenues of at least one billion dollars ($1,000,000,000) for the taxable year immediately preceding the business's application for a tax credit under

section 12 of this chapter; and

(4) commits contractually to relocating its corporate headquarters to Indiana.

Sec. 3. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 4. As used in this chapter, "qualifying project" means the relocation of the corporate headquarters of an eligible business from a location outside Indiana to a location in Indiana.

Sec. 5. As used in this chapter, "relocation costs" means the reasonable and necessary expenses incurred by an eligible business for a qualifying project. The term includes:

(1) moving costs and related expenses;

(2) the purchase of new or replacement equipment;

(3) capital investment costs; and

(4) property assembly and development costs, including:

(A) the purchase, lease, or construction of buildings and land;

(B) infrastructure improvements; and

(C) site development costs.

The term does not include any costs that do not directly result from the relocation of the business to a location in Indiana.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.5 (state gross retail and use tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(3) IC 6-5.5 (the financial institutions tax); and

(4) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 8. A taxpayer that:

(1) is an eligible business;

(2) completes a qualifying project; and

(3) incurs relocation costs;

is entitled to a credit against the person's state tax liability for the taxable year in which the relocation costs are incurred. The credit

allowed under this section is equal to the amount determined under section 9 of this chapter.

Sec. 9. (a) Subject to subsection (b), the amount of the credit to which a taxpayer is entitled under section 8 of this chapter equals the product of:

(1) fifty percent (50%); multiplied by

(2) the amount of the taxpayer's relocation costs in the taxable year.

(b) The credit to which a taxpayer is entitled under section 8 of this chapter may not reduce the taxpayer's state tax liability below the amount of the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer first incurred relocation costs.

Sec. 10. If a pass through entity is entitled to a credit under section 8 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 11. (a) A credit allowed under section 8 of this chapter must be taken in ten (10) annual installments, beginning with the year in which the credit is granted. If the amount of an annual installment exceeds the taxpayer's state tax liability in a particular taxable year, the taxpayer may carry forward the amount of the excess to subsequent taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) The credit allowed under this chapter is not refundable.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of the taxpayer's relocation costs and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 13. In determining whether an expense of the eligible business directly resulted from the relocation of the business, the

department shall consider whether the expense would likely have been incurred by the eligible business if the business had not relocated from its original location.

SECTION 2. [EFFECTIVE JANUARY 1, 2005] **IC 6-3.1-25, as added by this act, applies to taxable years beginning after December 31, 2004.**

C o p y